

**Statement of  
John E. Pucheu, Jr.  
Tranquillity, California  
Before the  
House Agriculture Committee Hearing  
Stockton, California  
March 3, 2006**

Mr. Chairman, members of the Committee, welcome to California and thank you for holding this hearing.

I appreciate the opportunity to present remarks about future farm policy, with an emphasis on cotton.

My name is John Pucheu. I have been farming for 40 years and am a partner with my brother in a 3,500 acre farming operation, principally devoted to upland and pima cotton. We also grow processing tomatoes, sugar beets and onions for dehydration. Our operation is located in Tranquillity, which is 35 miles west of Fresno. I am currently the vice chairman of the National Cotton Council. I served as chairman of the American Cotton Producers from 2004-2005. I also am a past president of California Cotton Growers Association and have served as chairman of the Cotton Board, Supima and Calcot Ltd.

Mr. Chairman, the San Joaquin Valley is an area with one of the most diverse agricultural economies in the world. It is critically important to farmers and ranchers that our farm policy remains balanced between commodities. Even slight acreage shifts from row crops to specialty crops can result in market disruption. Mr. Chairman, in addition to sound farm policy, we encourage you and the members of your committee to work for science-based regulations and an effective immigration policy.

A significant majority of California's upland and pima cotton producers strongly support the current farm law. It is imperative that it continue to operate without major modification through its scheduled expiration with the 2007 crop. Our producers have made substantial long-term investment, cropping and marketing decisions, which are based on current law. We are particularly concerned by annual proposals to further tighten limitations on benefits or limit eligibility to the loan. We appreciate your expressed opposition to these proposals. Current limitations already place most of our operations at a significant disadvantage because of our costs and economies of scale.

California cotton producers strongly support using current law as the basis for future farm law. The combination of a marketing loan, counter-cyclical payment when prices are low and a direct payment for stability are a sound foundation. Pima producers support continuation of a loan program with a competitiveness provision to ensure U.S. extra-long staple cotton, also known as Pima cotton, remains competitive in international

markets. The balance between the upland and pima programs is important to ensure that acreage is planted in response to market signals and not program benefits.

If negotiations in the Doha round have not been completed to the point that the impact on future U.S. farm policy is clear, we would support continuation of the current farm bill for at least one additional crop year. Given our significant financial investment and alternative cropping opportunities, it is imperative for farmers in this area to know what the policy will be well in advance of planting the crop. Any uncertainty will be highly disruptive and costly.

Mr. Chairman, we are deeply concerned that the language in the recent Hong Kong Ministerial agreement will be used to single cotton out for special and differential treatment. We ask that you and your colleagues urge the US negotiating team to insist the negotiations be conducted as a single undertaking with no early harvest for cotton. We also urge you to make clear to our negotiators that the agreement must include meaningful increases in market access for all commodities before there can be agreement on reductions in domestic support.

We are also concerned that certain countries, which are highly competitive in world markets, not be allowed to utilize special and sensitive product designations and safeguards, designed to assist the poorest of the poor, as a way to avoid committing to significant increase market access. The US cotton industry has supported the Doha round but we will not be able to recommend that Congress support an agreement that requires cotton to accept deeper and quicker reductions in domestic support; that does not provide significant, meaningful increases in market access and that allows countries like Brazil, China, Pakistan and India to declare themselves less developed for the purpose of evading compliance.

Mr. Chairman, as you and your colleagues develop new farm law, we urge you to maintain the marketing loan without limitations; maintain decoupled direct payments; maintain a counter-cyclical program for times when prices are low and preserve the cropping flexibility provision in current law. It is also important that payment limitations, which already unfairly penalize many of our growers, especially in the irrigated West, not be reduced further and that current eligibility requirements be maintained.

Conservation programs will continue to be an important component of farm policy. For example, the Environmental Quality Incentives Program (EQIP) is especially useful to San Joaquin cotton farmers as we work to improve air quality in the Valley. These programs should be operated on a voluntary, cost-share basis as a valuable complement to commodity programs. However, they should not be viewed as an effective substitute for the safety net provided by commodity programs.

Since California exports virtually 100 percent of our annual cotton production, we strongly support continuation of the successful public-private partnership fostered by the

Market Access Program (MAP). And we urge continued funding for the Foreign Market Development program and a WTO- compliant export credit guarantee program.

Research and crop insurance are also important to the future of our industry. We are particularly frustrated that the Risk Management Agency has been unsuccessful in responding to our need for affordable, higher levels of crop insurance coverage. We need to insure levels of 90 or even 95 percent of our yields in order to have effective risk management. I hope RMA will be willing to re-evaluate the products available to us.

In conclusion, Mr. Chairman, I need to address the “elephant in the room.” As long as I can remember, the fruit and vegetable industry has opposed direct subsidies of their crops. And they have insisted that no specialty crops be produced on “program acres” without severe penalty. Most, if not all, California “program crop” producers also produce specialty crops—“we are them.” Recently some groups have made it clear that they want to be a significant part of the next farm bill—through increased earmarked funding for conservation, nutrition, research and block grants. Our challenge is to identify the funds for these new or enhanced programs without having to substantially reduce current levels of support. I want to be clear. The cotton industry does not oppose programs that benefit specialty crops. In fact, given the diverse cropping alternatives in the San Joaquin Valley, we need a viable specialty crop market. However, we also need balance between programs and we need adequate resources. We look forward to working with the specialty crop interests and Congress in addressing their concerns.

Thank you for the opportunity to present these views. I look forward to working with the members of the Committee in developing effective farm policy.

On a personal note, but one I am guessing other growers my age can relate to, my son is currently working for a large farming company. He is considering a return at some point to our family operation, but is watching very closely what occurs in the next farm bill and the outcome of the WTO agricultural negotiations before making that decision.

I will be pleased to answer questions at the appropriate time.

Committee on Agriculture  
U.S. House of Representatives  
Required Witness Disclosure Form

House Rules\* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: John E. Pucheu Jr.  
Address: 25253 West Martin Ave., Tranquillity, CA 93668  
Telephone: 559-698-5192  
Organization you represent (if any): National Cotton Council

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

Please check here if this form is NOT applicable to you: \_\_\_\_\_

Signature: \_\_\_\_\_

\* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.

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**Committee on Agriculture  
U.S. House of Representatives  
Information Required From Non-governmental Witnesses**

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: John E. Pucheu Jr.
2. Business Address: 25253 West Martin Ave.  
Tranquillity, CA 93668
3. Business Phone Number: 559-698-5192
4. Organization you represent: National Cotton Council
5. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:  
Self-employed farmer for 40 years. Currently serving as Vice-chairman  
of the National Cotton Council. Past President of California Cotton  
Growers. Past Chairman of Calcot, Ltd. Past Chairman of Supima. Past  
Chairman of the Cotton Board
6. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:  
B.S. degree in Agriculture from U.C. Davis
7. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:  
Vice-Chairman National Cotton Council

**PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.**